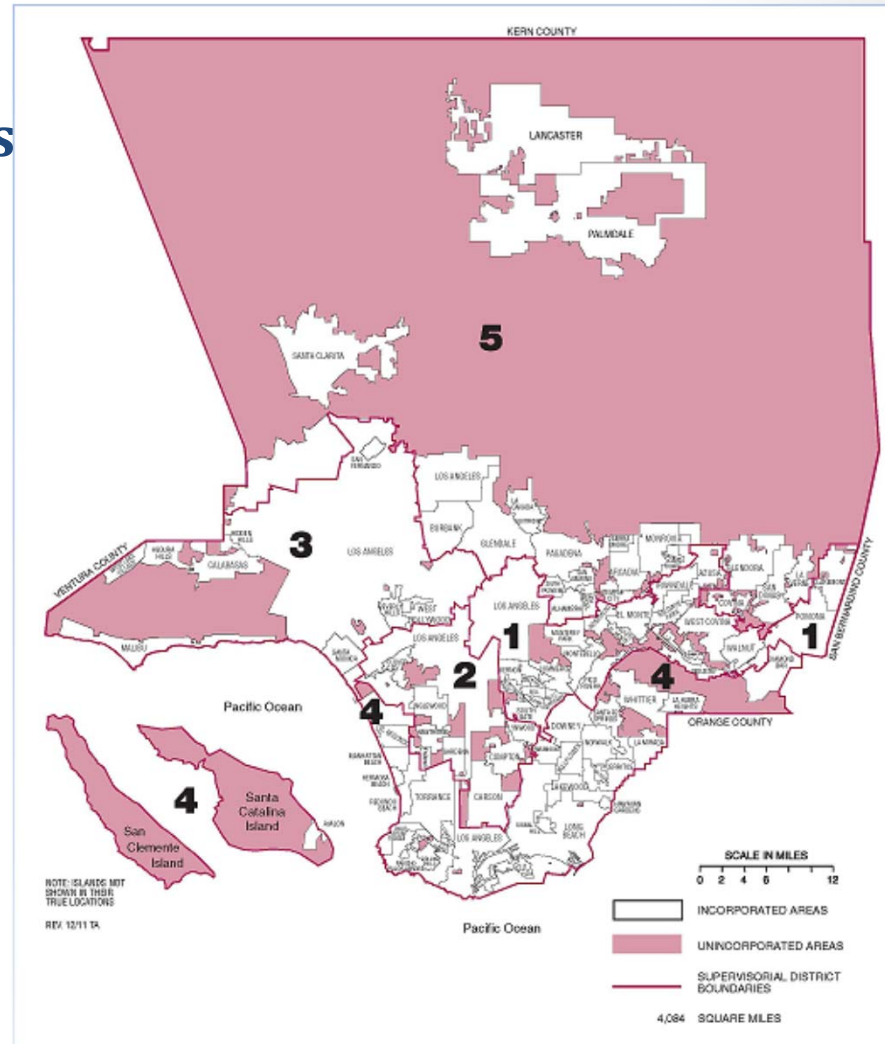


The County of Los Angeles Board of Supervisors

November 17, 2015
Agenda

PROPOSED WAGE ENFORCEMENT PROGRAM

Presented by:
Chief Executive Office,
Office of The County Counsel, and
Department of Consumer and Business Affairs



The County Minimum Wage

- Minimum Wage Ordinance effective October 29, 2015
- Establishes a minimum wage for employees that work in Los Angeles County's unincorporated areas
- On July 1, 2016, the Minimum Wage increases to \$10.50 for businesses with 26 or more employees
- The Minimum Wage increases every July 1 thereafter
- Minimum Wage Ordinance allows CEO/designee to start public outreach and enforcement using Chapter 1.25 of the County Code (Fines and Fees for Code Violations)
- Chapter 1.25 applies to all County Code violations, allows admin. fines and noncompliance fees, but does not permit County to recover back wages for employees

On July 21, 2015:

Your Board instructed:

1. COUNTY COUNSEL: Report back on the County's authority to regulate wage theft and the tools available to do so.

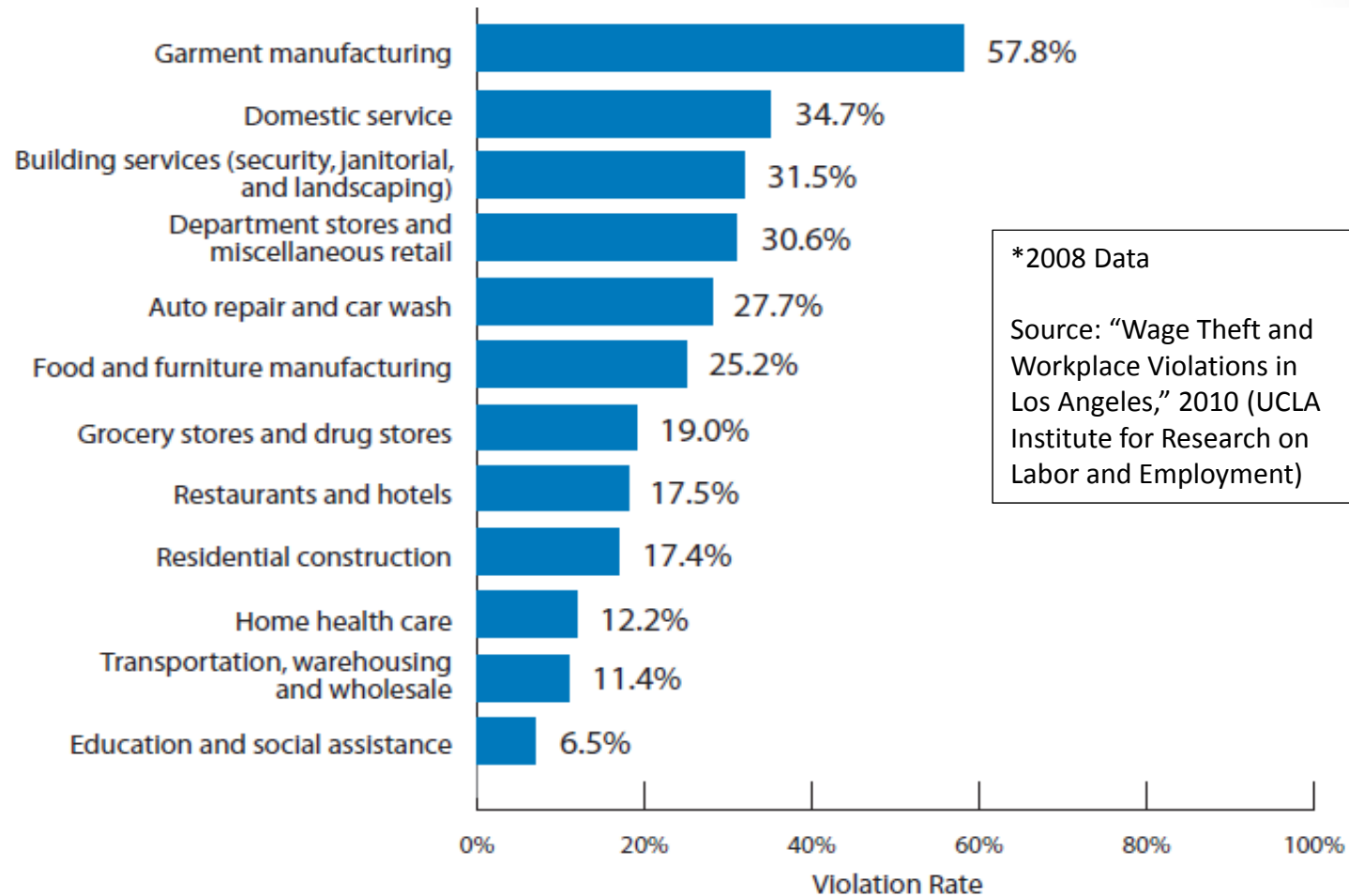
2. CEO, DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS, COUNTY COUNSEL AND OTHER AGENCIES: Report back with most effective and efficient model to enforce wage theft regulations.

Wage Theft is:

- Generally - ANY failure by an employer to pay wages or provide benefits owed to an employee that he or she is legally entitled to receive.
- Examples of Wage Theft include:
 - Failure to pay minimum wage
 - Failure to pay overtime
 - Failure to provide meal and rest breaks
 - Improper paycheck deductions
 - Under the table payments
 - Misclassification of employees as independent contractors

Industries With High Wage Theft Rates *

Includes Los Angeles County Unincorporated Areas and Cities



Composition of Businesses in the County's Unincorporated Areas

Classification Category	Number of Companies	Percentage by Business	
Services	5,866	39.2%	67%
Retail	3,140	21.0%	
Food Service	1,023	6.8%	
Health Care	949	6.3%	33%
Manufacturing	900	6.0%	
Car Wash/Auto/Vehicle	675	4.5%	
Wholesale	650	4.3%	
Transportation	255	1.7%	
Contractors	233	1.6%	
Housing & Lodging	201	1.3%	
Agriculture	136	0.9%	
Garment, Apparel & Textile Mfg	75	0.5%	
Landscaping & Gardening	13	0.1%	
Other	837	5.6%	
Total:	14,953	100.0%	

Source: Los Angeles County Assessor's records and unsecured property tax roll (not all businesses included)

County Powers

- **Police Power**

- The California Constitution (Art. XI, § 7): Counties may make and enforce in the unincorporated areas “all local, police, sanitary, and other ordinances and regulations not in conflict with general laws” of the State.

- **Contracting Power**

- The California Constitution (Art. XI, §§ 1, 4), State law (Gov. Code § 23004), and County Charter: Counties may enter into contracts and place restrictions on contractors it does business with.

Police Power

- The County's police or "regulatory" power may be exercised to:
 - Establish the **Minimum Wage Ordinance**
 - Create a **Wage Enforcement Ordinance**
 - Amend the **Business License Ordinance**

Regulatory Tools

- **Wage Enforcement Ordinance:** The County can enforce its minimum wage ordinance using the following regulatory tools:
 1. Recover back wages, issue administrative fines, and impose penalties (for employees and/or the County)
 2. Permit access to employer records (subpoena power through the Board or a County Hearing Officer)
 3. Prohibit and penalize retaliation against employees
 4. Allow an employee to file civil lawsuit (i.e., a private right of action)
 5. Allow for County enforcement using civil lawsuits, judgments, levies, and liens

Regulatory Tools

- **Business Licensing Ordinance:** The County currently licenses some businesses operating in the unincorporated areas.
 1. Treasurer-Tax Collector administers and enforces Title 7 of County Code (Business Licenses)
 2. Approximately 5,000 of the nearly 15,000 businesses in the unincorporated areas are licensed by the County (1/3 of the businesses)
 3. Generally the businesses licensed involve a health and safety component
- The County may amend the Business License Ordinance to license or register all businesses in the unincorporated areas and consider wage violations during the licensing process

Contracting Tools

- **County Contracts:** Using its contracting authority, and as a market participant, the County can add requirements to its contracts (e.g., paid time for jury service). The County may:
 1. Require all bidders report wage violations and deduct points, or potentially prevent from bidding
 2. Require existing contractors to report wage violations
 3. Potentially terminate existing contracts for wage violations
- **Partnerships with other governments:** If the County chooses to have a wider role in enforcement, it could partner or contract with cities or the State to enforce their wage laws.

On July 21, 2015:

Your Board instructed:

- **CEO, DEPARTMENT OF CONSUMER AND BUSINESS AFFAIRS, COUNTY COUNSEL AND OTHER AGENCIES:** Report back with the most effective and efficient model to enforce wage theft regulations, including:
 - An inventory and analysis of the County's existing wage enforcement efforts
 - Potential Collaborations with other Jurisdictions
 - Use of community-based organizations
 - An estimate of resources, staffing, and costs

Existing County Wage Enforcement Efforts

- **Prevailing Wage Compliance** in Public Works Contracts.
Prevailing Wages are set by State and Federal law and the County monitors for compliance.
 - This responsibility lies primarily with ISD and Public Works
- **Living Wage Compliance** in County Contracts under Prop A and Cafeteria Services Contracts.
 - This responsibility lies with every Department that has Prop A or Cafeteria Services Contracts.
- **We recommend placing the Wage Enforcement Program within the Department of Consumer and Business Affairs and do not recommend changing or relocating any Prevailing Wage or Living Wage compliance from the departments that currently perform those functions.**

Proposed County Wage Enforcement Program

Staffing Needs (FY 2015-16 only)

- 1.0 Program Chief (Chief, CAR)
- 1.0 Public Information Officer (Education and Outreach)
- 1.0 Counselor - CAR III (Information Center)
- 2.0 Investigators – CAR III

FY 2015-16 Budget

- \$408,000
- 6-months funding
- Includes \$100,000 for CBO

Our Mission

To promote a fair and vibrant marketplace, we serve consumers, businesses, and communities through education, advocacy, and complaint resolution.



LOS ANGELES COUNTY
**CONSUMER &
BUSINESS AFFAIRS**

How We Will Enforce the Minimum Wage Ordinance (MWO)

- Ensure that employers know their responsibilities under the MWO.
- Ensure employees know their rights under the MWO.
- Enforce applicable laws and regulations.

Proposed Wage Enforcement Program

